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R E P O R T
OF THE
COMMITTEE OF THE STOCKHOLDERS
OF THE
W E S T E R N R A I L R O A D
C O R P O R A T I O N ,
APPOINTED AT THE
ANNUAL MEETING IN FEBRUARY, 1851,
TO EXAMINE INTO
THE SYSTEM OF ACCOUNTABILITY IN THE COLLECTING AND DIS-
BURSING DEPARTMENTS; AND ALSO THE CONDITION AND VALUE
OF THE PROPERTY OF THE CORPORATION; SUBMITTED TO
THE STOCKHOLDERS, AT THEIR ANNUAL MEETING,
F E B R U A R Y , 1 8 5 2 .

B O S T O N :
1 8 5 2 .
E A S T B U R N ' S P R E S S .

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To the Stockholders of the Western Railroad Corporation :

At the annual meeting of the Stockholders of the Western Railroad Corporation, held in Boston, February 12, 1851, the following Resolutions were adopted, and the undersigned were appointed a Committee in pursuance thereof.

RESOLUTIONS.

Ordered, "That a Committee of three* Stockholders be appointed to examine the system of pecuniary accountability which has been in operation since December 1, 1847, including the method of auditing and examining the receipts and disbursements of the Corporation, and all other matters relating to the system of collecting and disbursing the funds of the Corporation."

Ordered, "That the Committee be further instructed to examine carefully all the property and assets of the Corporation, and to report their opinion of the value thereof."

REPORT.

The Committee have attended to the duties assigned to them with as much diligence as their various engagements would permit, making it their object to report at as early a day as the magnitude of the task, and an earnest desire to make their report full and complete, would allow. They also thought, that the interest attached to the usual annual meeting of the Stockholders would attract a more general attention to the matters involved in their inquiries, than would otherwise be elicited. They have therefore deferred submitting their report, till the regular annual meeting of the present year.

* Subsequently, this Committee was enlarged by the addition of two more.

In the performance of their trust, the Committee first proceeded to obtain, from the proper officers of the Corporation, the theory of the system of accountability which existed during the period embraced in the first resolution, including the method of collecting and disbursing the funds, and the system of checks established to insure a faithful discharge of those duties. They then visited every office and station of the Corporation, examined the books and records of the business thereof, and interrogated the several agents with a view to determine whether the system of accountability was faithfully carried out. It is proper to remark in this connection, that, a short time prior to the appointment of the Committee, and after the discovery of Mr. Ware's cash deficiency, the system of accountability in the disbursing department at Springfield was somewhat changed. The present remarks of the Committee, in relation to this matter, therefore, refer to the period of time between December 1, 1847, and the date of the change here alluded to. Of this change and its practical operation, the Committee will speak more fully hereafter.

In pursuing the object of the second resolution, which is to arrive at an accurate valuation of the property of the Corporation, the Committee at different times passed over the entire road between Worcester and Albany, making a careful inspection of its condition, including the superstructure, iron, cross-ties, bridges, together with the station-buildings and fixtures, and its entire equipment. In doing this, they travelled either on foot, or in hand-cars, or in a special train under their control; so that they had every facility for a deliberate and minute examination of the property referred to. The Committee believe, therefore, that they possessed the most ample means for accomplishing the object of their appointment.

Their attention has also been given to the matter of the Sinking Fund, with a view to ascertain its present and prospective value and its relations to the permanent interests of the Western Railroad Corporation.

In the discharge of these duties, the Committee feel called

upon to say, that they have uniformly met with an obliging disposition, on the part of all the officers of the Corporation, to afford them all the information sought for, and to aid them generally in the prosecution of their inquiries. With these statements, they proceed at once to give, as briefly as may be, the results of their investigation, observing the order in which its purposes are set forth in the resolutions.

SYSTEM OF ACCOUNTABILITY.

The Committee find by consulting the Records of the Board of Directors, that it has been their practice of late years to appoint annually a Committee on Accounts, at the head of which has been the President of the Corporation.

The two chief financial offices of the Corporation are that of the Treasurer and that of the Cashier; the first being located in Boston, and the second in Springfield.

TREASURER'S OFFICE, IN BOSTON.

The duties of this office involve a record of all the stock-transactions of the Corporation, having reference to the transfer of stock and the issuing of certificates. Dividends and Bond interest are paid at or through this office. All funds growing out of the business of the Corporation, with the exception hereinafter stated, are deposited to the credit of this officer at the respective places of deposit, in some cases drawing an agreed rate of interest; and all funds for the current expenses of the road are drawn from him by his check to the Cashier at Springfield, and are charged to the latter. These deposits are made daily or weekly, according to the nature and magnitude of the collections made at the various points on the road. Funds for disbursement are drawn from the Treasurer in large sums by requisition from the Cashier, and are charged to the latter; which sums are subsequently accounted for by vouchers rendered by the Cashier and passed to his credit. These vouchers, before being passed to his credit, are subjected to examination by the Committee on Accounts, appointed by the Board of Directors. Your Committee are not aware that the Treasurer

has at his office in Boston any means of determining, from time to time, whether these deposits, made to his credit, do truly represent the collections made at the various points of business. To ascertain this fact, the importance of which is apparent, resort must be had to the office in Springfield; for at that point is centred all the business of the Corporation, embracing collections and disbursements in the details which are necessary to determine whether the Treasurer, who is its chief financial officer, is credited with all the funds collected, and is fully advised in relation to all balances which may be due. The gross earnings of the road, distinguishing passenger-traffic from that of freight, are communicated from the Springfield office to the Treasurer in weekly returns, which are proximate as to their accuracy. These returns are entered in a memorandum-book, affording to the Directors information as to the general business of the road from week to week. It may further be remarked, that the Treasurer in some instances disburses money directly, in payment of debts made payable in Boston,—as those for iron, for example, and perhaps in some other instances,—but the amounts of these are usually inconsiderable. At the end of each year, a return is made from the office at Springfield and entered in the Treasurer's books at Boston, which gives an accurate statement of the year's business; and this is the only official record of the income of the Corporation, which is to be found in the books of that officer. In connection with the State Treasurer, he has also the charge of the Sinking Fund.

THE OFFICE AT SPRINGFIELD.

As this is in fact the central office,—to which all returns are made, and where all disbursements take effect, with the exception of those before alluded to, and where, in short, the whole history of the business of the Corporation is to be found,—the Committee will give a detailed account of the mode in which it is conducted. This they will do by observing the proper divisions of its business arrangements.

RETURNS AND COLLECTIONS.—1. PASSENGER TRAFFIC.

Tickets for the supply of all the stations are furnished from this office, and are charged to those stations respectively. Tickets sold to passengers are collected by the Conductors and returned to the office at Springfield daily, counted and assorted; and each ticket-seller or way-agent is credited, at the end of each month, with the tickets of his issue, thus collected and returned. At the end of each day or week, according to the amount of business, each ticket-seller or way-agent makes a return to the Springfield office, stating the number of tickets sold, and accounts for the proceeds thereof, either by cash remitted to that office, or a bank-deposit, made to the credit of the Treasurer; and, at the end of each month, he makes a ticket-return, under the following heads, viz: “*Tickets on hand at the beginning of the month, and those received during the month; tickets sold during the month, and those on hand at the end of the month.*” This monthly return of the way-agent is compared with his ticket account in that office, and its accuracy is determined by the correspondence of his return of tickets on hand, with those which remain charged to him on the office books, after giving him credit for those returned by Conductors; and the amount which represents the value of the tickets sold, being compared with his cash returns or deposits, furnishes positive means of ascertaining whether he has accounted for all the tickets sold by him, and the proceeds arising therefrom.

This represents the theory of the ticket system and accountability adopted by the Corporation; and, in the opinion of the Committee, it is well adapted to secure faithful and correct returns in this branch of its business. They are aware that its efficacy might be evaded by collusion between officers of the Corporation; but this is a defect incident to any system which can be devised,—and this, like all other fiduciary relations, must depend in a measure upon the honesty of men.

The ticket system adopted, in connection with other roads, is based upon the same principle which is observed in

relation to way-stations of this road, except that the settlements of the sales are made monthly, for the whole line, with the main office of such other road.

The Committee regard this system as well calculated to secure the strict accountability of the agents—provided it be faithfully carried out; in respect to which they will have something to add hereafter.

The system of course assumes that the collections from passenger-traffic are in some cases deposited directly to the credit of the Treasurer in Boston; and in others, the proceeds are remitted to the Springfield office, and from that office are deposited to the credit of the same officer. In effect, therefore, the proceeds of the sale of tickets are all deposited to the credit of the Treasurer.

2. FREIGHT TRAFFIC.

The operation of the system of accountability, in the freight department, may be best presented by a statement of the transactions at a single station; the mode of business in practice being substantially the same at all the stations. The freight traffic of a station may be considered under two heads; the forwarding department, and the receiving department. The first (freight forwarded) consists of all freight placed at the station to be forwarded in the cars, and to be delivered elsewhere; and the second (freight received) consists of freight received from other stations, to be distributed to consignees. A record in detail is made, in a book provided for that purpose, of all freight received to be forwarded, stating its character, the name of consignee, the charge of transportation to its place of destination, and the expenses paid (if any) to the carrier from whom it was received; and also prepayments, or payments in advance, for transportation; together with the name of the place to which it is consigned. A copy of this is made, in the form of a way-bill, for each station to which freight is consigned, and accompanies it.

Freight received for distribution to consignees is accompanied by a way-bill from the station whence it was for-

warded, partaking of the same form and character as above stated. This way-bill is copied into a book, termed a receiving book, and the original itself is forwarded to the office in Springfield, and furnishes that office with the means of determining the liability of both the forwarding and receiving station, resulting from the transactions recorded in said way-bill. The amount collected from each consignee is entered in a cash book, provided for that purpose, or is noted "paid" in the receiving book as fast as the freight is delivered, or is charged to the consignee in cases where credit is given.

The Station Agent is required, at the end of each month, to make a return to the general Freight Clerk at Springfield, of the aggregate amount of charges upon freight forwarded to all the stations severally, and the expenses and prepayments thereon. He also returns the amount collectable on freight which he has received for distribution, with expenses and prepayments thereon, together with a list of his outstanding or uncollected bills. It will thus be seen, that the practical operation of this system of accountability, is to make each station a check upon the others, inasmuch as the forwarding station thus furnishes the office at Springfield with the means of ascertaining whether the receiving station has truly accounted for its liabilities;—with the single exception of the outstanding amounts or uncollected bills, the accuracy of which can be determined only by a personal examination by a proper officer of the Corporation, to be made on the day of the date of the return, at the station. This last named difficulty cannot be entirely remedied, but may be lessened by abolishing the credit system, and requiring cash payments on the delivery of freight. The charges on freight which remains uncalled for, on the day of the date of the return, must necessarily be classed as outstanding, and as a debt due from the station.

At the office in Springfield there is a general Freight Clerk, who opens an account in his books with each station and every connecting road; charging it with its liabilities derived from the returns already mentioned, which are

composed of freight charges and expenses thereon collectable at the station, and prepayments on freight forwarded; crediting it with expenses paid on freight forwarded, and prepayments on freight received for distribution. At the end of the month this account with each station is closed and rendered to the Cashier, who compares the balance due with the aggregate of cash deposits or payments returned to him and outstanding or uncollected bills returned, and thus verifies the return made from the station. The Cashier, also, has an account with each station and every connecting road, in which he charges it with the liabilities derived from the account of the general Freight Clerk, and credits it with the amount of cash paid over; being thus enabled to determine the balance, monthly, due from the station, and also its correspondence with the amount of outstanding bills as returned in the list thereof.

ORGANIZATION OF THE SPRINGFIELD OFFICE.

As the Committee have before remarked, this office is the central point to which all returns of the business of the road are made, where the system of checks is developed, and from which the disbursements of the Corporation are mainly made; it is therefore deemed best to state its official organization. The Superintendent has, under the authority of the President, the entire supervision of the operations of this office. He has under his direction a Cashier, a Pay Clerk, a general Freight Clerk, a general Ticket Clerk; and other clerks are employed in the minute records, counting of tickets, and other duties. The Cashier has charge of the general books of the office, and in his hands finally are concentrated all the returns of the business of the road; he also receives and deposits all cash received from stations on account of passengers and freight, and enters under their appropriate head all disbursements made by the Superintendent. All settlements with connecting roads and with stations of the Corporation, are made through this officer; and, in fine, under the direction of the Superintendent, he is practically the chief financial officer of the Corporation. His duties, with the exception of those

before alluded to under the head of *Treasurer's Office*, are those which are usually performed by the Treasurers of other Railroad Corporations. He disburses all money on the account of current expenses, under the approval of the Superintendent. It is only by information derived from this officer, that the Superintendent can know whether his various subordinate officers are prompt and accurate in rendering their returns of business and cash.

It has been before stated that the means for carrying on the ordinary operations of the Road are procured in very considerable amounts by requisitions of the Cashier upon the Treasurer. These amounts are placed on deposit in Bank to the credit of the Cashier, and are disbursed by him through other subordinate officers connected with the several working departments of the Road—such as the Superintendent of Road Repairs, the Pay-Clerk, and the Wood-Agent. These subordinate disbursing officers receive from the Cashier, at stated periods, sums sufficient to meet the expenses of their several Departments, which are charged to them by the Cashier, and accounted for subsequently by vouchers approved by the Superintendent, and rendered to that officer, who, in his turn, transmits them to the Treasurer in Boston, to be passed to the credit of the Cashier.*

Reference has already been made to the existence of a Committee on Accounts, appointed by the Board of Directors, and having the President for its Chairman; and it is believed that the duties of that Committee have, in practice, been confined to the mere auditing of vouchers.

It appears by a vote of the Board, passed February 18, 1845, defining the duties of the President, that a general supervision and inspection of the accounts was required of him. The phraseology employed is, that he was to “act as general auditor of accounts;” which your Committee interpret to mean, that he should make such general examinations

* Balances due from the Boston & Worcester Railroad Corporation on account of joint freight business are drawn from that Corporation by the Cashier, and used by him in the operations of the Road, [if required,] instead of being deposited to the credit of the Treasurer.

of the collecting and disbursing departments as would insure a knowledge of the fidelity with which they were conducted.

These duties, formerly belonging to the President, now devolve upon a separate and distinct officer, called the Auditor ; an office which was created shortly after the disclosure of Mr. Ware's defalcation.

This is believed by your Committee to be a correct statement of the organization of the office at Springfield, and of the system of accountability and disbursement adopted by the Corporation ; having reference to the period of time between the 1st of December, 1847, and the discovery of the defalcation already referred to.

The Committee have alluded to a change in this system, introduced after the disclosure of the deficiency in Mr. Ware's cash account ; and it may be proper to state here what that change was. It will have been perceived that up to the time mentioned, the Cashier was placed in funds drawn at his own discretion from the Treasurer, for the ordinary disbursements of the Road in its various working and repairing Departments. These funds are now placed in the custody of the Superintendent, who disburses them through the Cashier, supplying that officer, from time to time,* with the requisite amounts.

The Committee have now, as they believe, stated fully to the Stockholders the theory of the system of accountability purporting to be in practice in the collecting and disbursing Departments of this Corporation during the period specified ; and they will now proceed to state the result of their investigations touching the degree of fidelity with which the system has been carried out in practice.

CASHIER'S BOOKS.

The Committee referring of course to the period of Mr. Ware's service as Cashier, are enabled to confirm the state-

* The balances due from the Boston & Worcester Railroad Corporation in settlement of the joint business of the two Corporations, heretofore drawn for by the Cashier at Springfield, and used by him in supplying the Greenbush office with funds, to meet the amount required for "expenses" on freight forwarded from that station, are now deposited at Springfield, directly to the credit of the Treasurer.

ments of the Committee on Accounts, found in the annual Report of the Directors for the year 1850. The books of the Cashier themselves, furnished strong evidence not only of his own negligence, but also, that the examination and supervision of his department had been very greatly neglected. For more than one year previous to his removal from office, it appears *that he had failed to write up his books*; and important transactions relating to the business of the Corporation were recorded on detached slips of paper, in the most superficial manner, and without much attention to their preservation.

It is surprising to your Committee, that such an entire abandonment of all order and system in so important a department of management, could have escaped detection for so long a time; and they are forced to the conviction, that Mr. Ware's office was left pretty much to take care of itself. It is charitable to presume, that some examination of his books, years before, had tested his fidelity and furnished probable reason for reposing confidence in him and his system. But such confidence is of itself a source of danger, when it induces, on the part of the auditing department, a neglect to make a thorough examination and scrutiny into the books and accounts of the subordinate. It is hoped that the lesson, purchased so dearly by the Western Railroad Corporation in this instance, will not be lost for the future; and that it may secure, in all time to come, the most vigilant oversight in the entire range of its pecuniary and trust relations.

THE TICKET SYSTEM.

It will have been perceived that the great point in this, as it should be in all ticket systems, is that the general office should hold an effectual check upon the ticket sellers, by which it may and shall determine promptly whether their returns of tickets sold, and of cash proceeds therefrom, are accurately made. In the system which the Committee have described, this check is found in a comparison of the tickets collected and their aggregate value, with the returns of tickets sold and the cash returned therefor. But the Committee

regret to say that this important duty has in years past been very greatly neglected, and that almost the only guaranty of faithful returns from the ticket sellers has been their own honesty; and although the Committee would by no means, or in any instance, impugn that, they nevertheless deem it their duty to state the fact as constituting, in their opinion, a serious defect in any system of accountability. This consideration derives additional force, in the present case, from the fact that the system of accountability is spread over so extended a line of operations, depending upon the action of so large a number of officers—amounting, as the Committee believe, to 50.

The Committee will advert, in their conclusion, to the remedy which the present officers of the Road have applied to this practice.

The Committee also find that there have been, reaching through a long series of years, unsettled passenger-accounts with connecting Roads—more particularly with the Boston and Worcester Railroad—involving sums of considerable magnitude; while the theory of the system, on the contrary, supposes these accounts to be settled monthly. The failure to adjust these accounts has been in consequence of a neglect to make these monthly settlements, and of disagreements between the parties as to the exact amount of balances due from one or the other—disagreements which arose from a neglect in carrying out the system of ticket accountability, and the failure to make reciprocal returns of amounts charged and collected on account of extra baggage; this last item alone being very considerable, in consequence of the multitude of emigrant passengers passing over this line Westward.

FREIGHT DEPARTMENT.

The Committee take pleasure in commending the fidelity and completeness with which the books of the General Freight Clerk at Springfield have been kept. It is believed that the monthly accounts with each station and with connecting Roads have been closed as soon, after the end of the month, as the numerous and extended transactions of his office

would permit. It is also believed that these accounts might be closed at an earlier day if the correction of errors, which necessarily arise in such a complication of papers, should be deferred to and exhibited in the account of the following month; though there may be a difference of opinion as to the importance of a correct monthly statement, or of a few days' delay in the settlement of the accounts on the books of the general Freight Clerk,—inasmuch as this does not affect the system of accountability or the checks which it furnishes, and, moreover, since some time is required to interchange and agree upon the respective proportions of each party under special contracts with shippers.

The Committee have noticed on the list of uncollected bills, at various stations, claims long outstanding. The explanation given for this, was that the freight had been delivered to the consignees, under the credit system, and that they had refused to settle, because of certain demands urged by them against the Corporation for loss or damage to their property. Balances against connecting roads also, have been suffered to accumulate to a large amount, and are proof of negligence in the collecting department which it is hoped will be carefully and effectually remedied.

VALUATION OF PROPERTY.

For a proper understanding of the result of their inquiries under this division of their duties, the Committee deem it best to state the principle by which they were guided in their investigations, and upon which they based their valuation. The duty set forth in the resolution under which they act, requires the Committee "to examine carefully all the property and assets of the Corporation, and to report their opinion of the value thereof." It will be readily perceived, that the result of their appraisement of the property, will greatly depend upon the signification they attach to the words "value thereof;" for the reason that a valuation of perishable property, if rated at its market price, would materially differ from an estimate of the same property if predicated upon its value to the Corporation for future use or service. After mature

deliberation upon this question, the Committee have adopted as the basis of their valuation the following principle, viz : *the original cost of the property*, as stated in the books of the Corporation, or the cost of renewal at present market price, (which last basis is applied, however, only in determining the value of the rails) *less its depreciation, assuming a reasonable annual expenditure from the net earnings hereafter, sufficient to maintain it in good serviceable condition.* An appraisement founded on this principle will give a valuation of the property in its useful relations to the business of the Corporation; which is presumed to be the real object of the inquiry,—if it be not, indeed, the only practical end to be had in view. With the further remark, that their observations in relation to the condition and value of the property and assets apply to the 1st of December, 1851, the Committee proceed to consider the various items of road and equipment, in the order and classification of the annual Report to the Legislature; after which, they will refer to the Cash and Stock assets of the Corporation, including the Sinking Fund.

GRADUATION AND MASONRY.

This item includes the road-bed, the means provided for its drainage, and all stone-work found in the permanent way. The Committee dismiss this branch of their inquiry with the single remark, that they found this department of construction fully maintained in every respect, and, in their belief, greatly improved in comparison with its condition in the years immediately following its completion. This improvement consists chiefly in a better drainage and finish of the road-bed, and in rebuilding, in a more thorough and permanent manner, some portions of the masonry which were originally weak and defective. On many parts of the road, also, that part of the material upon which the superstructure immediately rests, being of an inferior quality, has been removed and replaced by better material, thereby rendering the track less sensible to the effects of frost.

WOODEN BRIDGES.

These are of two classes:—the first which are termed track-bridges, supporting the superstructure and traffic of the road; and the other, called road-bridges, for the purpose of carrying highways and farm-roads over the track. The first of these, the track-bridges, have an aggregate length of 7,973 $\frac{11}{12}$ feet; and are in the greater part, truss-bridges. The second class, the road-bridges, have an aggregate length of 1,672 $\frac{2}{12}$ feet. Of the track truss-bridges, there has been renewed since 1849 an aggregate length of 4,265 $\frac{1}{2}$ feet. Of the road-bridges, an aggregate length of 368 $\frac{1}{2}$ feet has been rebuilt. The bridges which have been reconstructed, are made with a view to greatly increased strength and durability of service, and are mostly roofed or covered, without impeding the circulation of air, which is so necessary to preserve the vitality of the timber.

The Committee feel warranted in expressing the opinion, that these bridges will exceed in durability those which they replaced, by *one hundred per cent.*, and at a less average annual cost for maintenance. The Committee also found that extensive repairs had been made upon some portion of the residue of the track truss-bridges, sufficient to render them safe for use during a further period of from *three to five* years. The road-bridges which have not been renewed, have in most cases been substantially repaired; and, being of easy and cheap construction, do not constitute an item which can materially affect the general value of the property, or the safety of the road.

The Committee have already remarked upon the improved character of the bridges which have been renewed; and in this connection they will add,—following out the principle upon which their valuation is predicated,—that the improved quality and certain increased durability of these structures, affect, and in fact diminish, the aggregate depreciation of all the bridges. For, if the new structures will, in consequence of their greater strength and durability, compared with the original ones, render service for a double period of time, and at a

less annual average cost of maintenance, then it follows that the future average annual expense to the Corporation, for renewing and maintaining bridges will be thereby, and so far, reduced. The effect of which, very evidently, will be to distribute the cost of this department of reconstruction over a longer period of time, and thus make it less onerous upon the income of the Corporation.

The Committee find the whole amount charged to wooden bridges, to have been \$231,996.26. By any computation which the Committee can make from the elements comprised in the aggregate length of the bridges, its division into spans, and the ordinary price per lineal foot,—they cannot reconcile the result with the foregoing amount charged to wooden bridges; and, by reason of that discrepancy and information from other sources not necessary to name,—they are constrained to believe, that the classification of the construction account under the Legislative Act of 1846, was made arbitrarily, without reference to the vouchers which alone represent each department of the work. It will be borne in mind, that this Act was passed many years after the completion of the road, and that the construction account had not been kept with reference to its provisions. A compliance, then, with the terms of that Act, would have involved a minute inspection of every voucher supporting the construction account,—a task so formidable, and, in the absence of the Engineering officers who constructed the road, of such uncertain issue, that probably some other and less reliable mode of classification was chosen. Now if the Committee were to adopt, as their estimate of the depreciation of wooden bridges, the difference between their cost as stated in the books of the Corporation and their own valuation of them in their present condition, the result would be clearly unjust toward that department of construction; for it would exhibit an amount of depreciation far exceeding the true amount. It happens, fortunately, that the gentleman, (Capt. Swift,) who now fills the office of President of the Corporation, held a responsible position in the engineer department during the construction of the road; and the Commit-

tee have availed themselves of information derived from him, to ascertain with approximate accuracy the true cost of the bridges. They compute this sum to be \$192,148.00, and they estimate the present value of the bridges to be \$180,881.00, making the depreciation to be \$11,267.00. It is estimated, that the sum of \$81,587.00 will be required for bridge renewals during the next five years, or, say, an average expenditure per annum of \$16,317.60.

SUPERSTRUCTURE, INCLUDING IRON.

This department of construction may be considered in two divisions, *viz.*: Iron, including rails, frogs, and fastenings, and cross-ties.

Rails.—Any estimate of the average annual depreciation of iron rails must unavoidably be to some extent speculative. The wear, and therefore the durability of iron, depends so materially upon the traffic it bears, and upon the characteristics of the road as to the grades, the amount and degree of curvature, also the material of the road-bed and weight of engines used, that the experience of one road is scarcely a safe standard by which to measure another. For the present purpose, the Committee have resorted to the record of rail-renewals hitherto made on the Western Railroad,—in connection with an examination of the track by them personally, with particular attention to the locality of such renewals, and to the characteristics of the road thereat, together with the quality of the iron as disclosed by its use. They regard this as furnishing a more sure criterion by which to fix the present value of the rails, than any other within their reach.

The total length of the Western Railroad is 156 miles, 46 of which have a double track,—making the whole length, in single track, to be 202 miles. This is exclusive of *sidings*. The iron has been in use during various periods of time, corresponding to the dates of the opening of the road for traffic East and West of Connecticut River, and the laying down of the second track which forms the 46 miles of double track before referred to. Of this entire length, there have been renewed 41 1-2 miles of rails, at divers times, as follows:—

$4\frac{1}{4}$	miles in 1848,	after 9 years wear.
$8\frac{1}{2}$	" " 1849,	" 10 " "
$16\frac{1}{4}$	" " 1850,	" $9\frac{1}{2}$ " "
$12\frac{1}{2}$	" " 1851,	" 10 " "

Total, $41\frac{1}{2}$ —after an average use of, say, 10 years. These renewals occur altogether in the original single track. The 114 1-2 miles, constituting the residue of that track, it is calculated, after a careful inspection, will be serviceable for traffic during a further average period of 8 years. This gives 20 years as the mean durability of the above named 114 1-2 miles of rails. Now, in any computation to determine the annual average depreciation of the rails during this period of 20 years, we must remember and consider the fact, that a portion of the rails, forming about one quarter part of the whole line, were renewed after an average service of 10 years, and will have been subject to depreciation for the remaining 10 years of the 20 which have been fixed upon as the probable average period of service on the Western Railroad.

It remains to consider the 46 miles of second track before spoken of. This has been laid down only from 3 to 4 years. That portion of the iron in this track which was procured from manufacturers in this country, viz: about 16 miles, has already manifested great inferiority of quality; and it is thought, that its term of useful service will not extend beyond the mean period of the 41 1-2 miles of the first track, already renewed,—which was, as has been stated, about 10 years. The Committee therefore apply to this, for a period of 10 years, the same annual percentage of depreciation which they applied to the 41 1-2 miles alluded to; and, assuming that it will be replaced with iron of the usual or a better quality, apply to it, for the residue of the time, the rate of depreciation determined for the most durable rails in the track. The residue of this second track, to wit, about 30 miles, which is of English manufacture, promises a term of usefulness about equal to that of the 114 1-2 miles of the first track, not yet relaid; and the Committee

therefore assign to it the same rate of depreciation which they did to the rails in that portion of the track.

In their computation to determine the depreciation of the rails, the Committee have kept in view this object,—to ascertain how far that depreciation, and the renewals resulting therefrom, constitute a tax upon the income of the Corporation. They have therefore deducted from the present market price of new rails, the market price of old iron. They also assume that the mean annual depreciation upon the 41 1-2 miles already mentioned as relaid at an earlier period, represents the measure of depreciation applicable to a like portion of the rails for the remainder of the term of 20 years. The results of these computations are, that the rails on 41 1-2 miles of the original single track depreciate, so far as their renewal is a tax upon the income of the Corporation, at the rate of $4.44 + \text{per cent. per annum}$, for the whole 20 years; and that the remaining 114 1-2 miles depreciate at the rate of $2.22 + \text{per cent. per annum}$, during the same term; also, that the rails in 16 miles of the second track depreciate at the rate of $4.44 + \text{per cent. per annum}$ for 10 years, and $2.22 + \text{per cent. per annum}$ for 2 years; and that the residue (30 miles) of the second track depreciate at the rate of $2.22 + \text{per cent. per annum}$ for 12 years. Assuming, then, that 100 tons of iron are required for 1 mile of track, and that the market price is \$45.00 *per ton*,—we have with these data the following result:—

ORIGINAL SINGLE TRACK.

41½ miles × 100 tons × \$45 =	\$186,750.00
114½ “ × 100 „ × \$45 =	515,250.00
<hr/>	<hr/>
156 “ Cost,	\$702,000.00
 \$186,750.00 <i>a</i> 4.44 + pr. ct. × 20 years =	\$166,000.00
\$515,250.00 <i>a</i> 2.22 + pr. ct. × 20 “ =	229,000.00
<hr/>	<hr/>
\$702,000.00 <i>a</i> 2.81 + per cent. per annum,	\$395,000.00

If these computations be correct, the average annual ex-

penditure to the Corporation, for maintaining the rails of the original single track, will be \$19,750.00. It will be borne in mind that only 41 1-2 miles have been thus far renewed, or about one quarter of the original single track; and that the rest, or 114 1-2 miles, will have to be relaid, within the next 10 years or thereabouts, say an average of 8 years. This will involve an expenditure of \$229,000.00, or an average annual demand upon the income of the Corporation of \$22,900.00. The renewals requisite to maintain the iron in the second track, at the end of the said 20 years will have amounted to \$80,400.00, or an average outlay, during the next 10 years, of \$8,040.00. Bringing these results together, it is found that during the next 10 years the income of the road will be taxed \$39,240.00 *per annum* for the renewal of its rails, as follows:—

ORIGINAL SINGLE TRACK.							
41 1-2 miles,	-	-	-	-	-	-	\$ 8,300.00
114 1-2 “	-	-	-	-	-	-	22,900.00
SECOND TRACK.							
46 miles,	-	-	-	-	-	-	\$8,040.00
							<hr/>
							\$39,240.00

In making these calculations, the Committee have carefully endeavored not to undervalue this item of depreciation; but, on the other hand, they are persuaded their estimates will be found to exceed, rather than to fall below, the truth.

Frogs and Fastenings, (which include chairs and spikes.)

These appurtenances were found in good order and condition; and, as they have hitherto been maintained so in the course of ordinary repairs; and, as the Committee do not apprehend that they will be items of extraordinary expense at any time in consequence of depreciation, they value them fully equal to the original cost.

Cross Ties.

These, also, were found to be in a sound, serviceable condition. It appears, by information received from the department of road repairs, that the cross ties have been entirely renewed once since the road was opened for use, and a second time to about the extent of 10 *per cent.* This information, stated in tabular form, shows that the following number of cross ties have been relaid in the years respectively between December 1845, and December 1851, comprising a period of 6 years.

Year ending Nov. 30, 1846,	-	-	-	-	35,000
“ “ “ “ 1847,	-	-	-	-	85,000
“ “ “ “ 1848,	-	-	-	-	65,000
“ “ “ “ 1849,	-	-	-	-	28,245
“ “ “ “ 1850,	-	-	-	-	50,198
“ “ “ “ 1851,	-	-	-	-	38,914
					<hr/>
					302,357

This gives an average number of 50,390 cross ties *per annum* for the last 6 years; and it conforms to the preceding general statement, and shows that the ties of the entire road, and an additional number of more than 27,000, have been replaced within the space of 6 years; while their average life on this road is estimated to be 6 1-2 years. As this work has all been done under the head of ordinary repairs, and paid for out of the income of the road, the Committee conclude that this branch of renewal will never cause an extraordinary demand upon the resources of the Corporation; and that the cross ties may be safely regarded, for the purposes of this valuation, as fully maintained.

The Committee have thus stated, in detail, the result of their investigations pertaining to the condition and value of the several component parts of the track. Recurring to their personal inspection, and remarking on the track as a whole, in relation to its alignment and surface, they are gratified to say, that it presents strong evidence of the fidelity of the officer directly in charge of that department.

STATION BUILDINGS AND FIXTURES.

In the opinion of the Committee, this branch of the Corporation's property has not received that attention to its maintenance, which its extent and importance would seem to demand. While some of the buildings and fixtures, which are of recent construction, are not only well adapted to their intended purposes, but are also fully maintained in their general condition, others afford but limited accommodations for the business, and bear evidence of neglect in not having been secured from unnecessary deterioration. In many of the latter description, an inconsiderable expenditure upon each would place them comparatively beyond the liability of charge for depreciation ; but others, which derive importance from their position and the amount of business transacted in their locality, would require a considerable expenditure to accomplish the same object. Among the latter class, may be named the passenger house at Springfield, (before it was destroyed by fire,) and those at Pittsfield and Greenbush. The Engine houses are commodious and substantial, and in excellent order ; and it is believed that with ordinary repairs they will preserve this character. The Committee are therefore of opinion that these are not liable to any charge for depreciation. The buildings appropriated to the repairs of Cars and Engines, with their fixtures and tools, seem in most instances to be adequate to a prompt and efficient execution of that work.

The Committee observed that the Car repair-shop at Greenbush was limited in its extent and conveniences ; and while they cannot estimate the depreciation of a structure of so frail and cheap a sort,—it having been primarily designed for a car-house only,—they think that a further provision of increased facilities in this department of repairs, at so important a point, is required, to the amount, say, of \$5,000. The temptation to use cars not in good running order, and thereby induce their more rapid deterioration,—is so great when the means of making repairs are insufficient, as to justify the opinion that an outlay sufficient to enlarge those means, will have the economical effect to prolong the service of the

freight-cars, and diminish the amount of their annual depreciation. The importance of this consideration is enhanced by the magnitude of the freight business which centres at that place.

It is exceedingly difficult to estimate the sum needful to place in the proper condition, demanded by the interests of the Corporation, those buildings at important points of traffic which have been spoken of as presenting appearances of neglect in their maintenance. The depreciation of the old passenger house at Springfield is estimated at \$10,000.00.

In regard to the passenger house at Pittsfield, the amount chargeable to depreciation will depend upon the question, whether the present building shall be thoroughly repaired, or a new one be constructed on a different and more convenient site. If the former be decided upon, an expenditure of \$1000, over and above the ordinary repairs, will probably restore the property to its original value. The passenger house at Greenbush, in the opinion of the Committee, requires extensive repairs to render it suitable and convenient for the accommodation of passengers. The condition in which the Committee found it, is not in keeping with the character of the Road and the just demands of the public. They estimate that an extraordinary expenditure of \$2500 will cover the necessary repairs and improvements upon this building; and that, therefore, is their estimate of its depreciation.

Allusion has before been made to the buildings and fixtures at less important stations; and in this connection the Committee will remark, that during the past Summer the buildings at three of those stations have been repaired and refurnished in a manner which fully re-establishes them; and this work has been done at a cost below the sum estimated by the Committee at the time of their examination. From the results in these cases, and from their own notes, they are enabled to form a reliable opinion of the aggregate sum requisite for this class of repairs along the whole line of the Road. This sum they estimate to be \$8100; and, regarding this as within the

range of ordinary repairs, they do not charge it to account of depreciation.

LAND AND FENCES.

It does not appear that the Corporation own land to any great extent, or of large value, beyond what is necessary for its business requirements. No property of this description, therefore, will stand among its assets. The Committee do not consider that there has been any change—certainly no depreciation—in the value of the land to the Corporation.

The fences were found to be considerably dilapidated along many portions of the line in Massachusetts. It appears that in the original purchase of the right of way, the grantors, in most cases, became obligated, in their contracts with the Corporation, to erect and to maintain the fences. The dilapidation referred to, therefore, is to be attributed to neglect on the part of the abutters to fulfil their obligations. The fences on that part of the Road running through the State of New York are depreciated to the extent of 50 *per cent.*, and, in amount, to \$12,160.00.

LOCOMOTIVES.

The Corporation own 59 locomotives, of all descriptions; and the Committee observe that their condition and efficiency indicate great care in their repair and maintenance. Large additions have been made to this department of moving power, within the last four or five years.

The Committee find that the sum of \$672,739.28 has been expended in the purchase of locomotives, although the sum which appears on the books of the Corporation, charged to that account, is only \$356,000. As it does not, at first sight, appear that any amount, derived from net income, has been carried to depreciation of locomotives,—except \$6000, charged off during the past year,—this discrepancy seems to require explanation; and it is furnished in the following facts.

Referring to the Report of the Directors to the Legislature for the year 1842, it appears that the net income accruing

from the traffic of the Road to December 31 of that year, amounted to \$349,440.70. The Directors state in that Report that this sum had "been applied to reduce the interest account,"—the effect of which was to reduce the construction account by that amount. It appears that in the subsequent classification of the construction account by the Directors, the balance of interest, after deducting the amount of net earnings before mentioned, was charged to "Engineering and other expenses;" and this item of charge is therefore less, by \$349,440.70, than it would have been had this amount of net income been appropriated in the usual way, either in dividends, or as a contingent fund to meet depreciation. In the Report of the Directors to the Stockholders, for the year ending November 30, 1849, it is stated that this sum of \$349,440.70, which in 1842 had been applied to reduce the interest account, was in that year restored to the same account, under the head of Engineering and other Expenses; thus leaving that sum, which it will be recollected constituted the amount of net earnings up to December 31, 1842, as a contingent fund to be applied to its legitimate purposes. The application which was made of this sum will now be stated.

The original stock of Engines furnished for the Road, was for the most part, both as to their power and efficiency, inadequate to its business. This fact soon developed itself, and it became apparent that new and more powerful engines were necessary. They were accordingly purchased; and the expenditure on this account had amounted, in 1849, to the large sum before stated, (\$672,739.28); while, in consequence of the character and quality of the engines first put upon the Road, the real value of all the locomotives fell far below their cost as charged upon the books of the Corporation. This difference between cost and value really constituted the depreciation of locomotives at that date. It will be still borne in mind, as has been before stated, that the restoration, in 1849, of the true amount of interest to construction account, left the amount of net earnings, (before referred to as having been in 1842 applied to reduction of interest,)

to constitute a contingent fund of \$349,440.70. This amount, the Board of Directors, under the advice of the late President, (Mr. Gilmore,) determined to charge off against depreciation of Engines and Cars. Of this sum \$310,739.28 was accordingly credited to the cost of locomotives, and, with the \$6000 before alluded to as having been charged off during the past year—explains the discrepancy to which the Committee have referred.

The value of the locomotives, as appraised by Messrs. Holmes Hinckley, and George S. Griggs,—men of high repute for judgment and skill in the manufacture and use of locomotives,—is \$395,100 ; and this valuation the Committee feel justified in sustaining, after a personal examination of the property.

PASSENGER AND BAGGAGE CARS.

The Corporation own 41 passenger cars and 15 baggage cars. Of the former, 30 are 8 wheeled, 1st class cars,—7 are 4 wheeled, 1st class,—and 4 are 8 wheeled, 2nd class cars. Of the latter, 11 are 8 wheeled, and 4 are 4 wheeled cars. They also have 13 baggage crates. The general condition of most of these cars is very good, some of them being nearly new ; and they appear to have been maintained in a thorough manner. It is believed that with ordinary repairs they may be nearly, if not quite, sustained in their present condition. It is true that they are subject to more or less depreciation, and that in the course of years they will have to be renewed ; but the process of deterioration, under good management, is so gradual, that it need not become a source of extraordinary expenditure. The Committee therefore consider that in their present condition these are not properly a subject of charge on account of depreciation, but are fully worth the amount with which they stand charged in the construction account.

MERCHANDISE CARS.

This property of the Corporation consists of 618 8 wheeled box cars, 152 8 wheeled flat cars, 86 4 wheeled box cars, and 50 gravel cars.

The general appearance of these cars, upon first examination, seems to indicate a considerable amount of depreciation; but, a more close and critical inspection shows that, while it is manifest the cars have been in some respects neglected, their absolute depreciation is not so real, in their expensive and important parts, as a casual survey might suggest. The Committee, however, are of the opinion that an expenditure beyond ordinary repairs is required to put them in a condition beyond the necessity of replacing them with entire new cars. This extraordinary expenditure the Committee estimate to be \$48,704.34.

The actual amount which appears on the books to have been expended in merchandise cars, is \$532,025.17,—which was reduced, in 1849, by the sum of \$44,981.75, drawn from the contingent fund established in that year, in the manner which the Committee have explained under the head of *Locomotives*.

ENGINEERING, AGENCIES, AND OTHER EXPENSES.

In relation to these items of construction account, the Committee have but a single remark to make. The expenditure under this head appears large, when compared with that of other Railroads. This, however, is accounted for by the large amount paid for interest and exchange, which is \$875,413.46, being 75 *per cent.* of the whole.

FERRY BOAT, AND WHARF PROPERTY AT GREENBUSH.

The ferry boat employed in transporting passengers and freight across the Hudson River at Albany, is a strong and efficient steamer, and well adapted to that service. The Committee believe it can be maintained for a long period of time without extraordinary expenditure; and they therefore have not charged it with depreciation.

The piers of the wharf at Greenbush are built of stone, and in a substantial manner. During the past year, the pier-heads, platforms, and wharf-coverings, have all been thoroughly repaired; and, in the opinion of the Committee, may be used for a long time with but slight expense for mainten-

ance. Some repairs to the slips adjacent to the freight houses, and to the fixtures used in discharging and receiving freight from canal-boats, will be required in the course of the present year. But the expenditure on this account will not be considerable, and may be classed under the head of ordinary repairs.

SINKING FUND.

This item in the assets is so important in its relations to the permanent interests of the Corporation, that the Committee have thought it worthy of special notice. One of their number, who has heretofore given much attention to the subject, making himself familiar with its present and prospective value,—has with much care prepared a paper which exhibits those relations in a manner due to its great importance. This paper will be found in the appendix to this Report, marked B.; and the Committee recommend its perusal to the stockholders, believing, as they do, that it fully and satisfactorily demonstrates the fact that this fund is annually adding to the value of their property an amount which has not been sufficiently appreciated.

The value of this Fund on the 1st of December, 1851, is estimated at \$1,009,966.39, as will appear in the statement of liabilities, which forms a part of this Report.

UNEXPENDED CAPITAL.

By the Report of the Directors for the year 1850, it appears that there was an unexpended balance of Capital amounting to \$46,232. This sum, being unappropriated at the present time, would properly constitute an asset of the Corporation; but, inasmuch as the Directors purpose to expend it in the construction of the new passenger-house at Springfield, the Committee have not included it in their list of assets.

CONCLUSION.

The Committee having thus, as they believe, and certainly with much care, set forth the results of their investigations under the resolutions adopted by the stockholders,—it re-

mains for them to conclude this Report with such suggestions as, in their judgment, have a practical bearing upon the interests of the Corporation.

The system of accountability in practice up to the period of the defalcation at Springfield, as described in the foregoing Report, had, in the judgment of the Committee, two serious defects; and they related to the collections, disbursements, control, and custody of the funds. It will be perceived, by reference to their remarks under the heads of *Treasurer's Office* and *Springfield Office*, that the funds required for the disbursements of the Road were taken in large sums from the custody of the Treasurer, and placed in that of an Agent in Springfield,—at a remote distance, and beyond that supervision which should be directly and constantly exercised by the chief financial officer of every well regulated institution. This power to withdraw funds from the custody of the Treasurer was discretionary and unlimited. Nor were the vouchers of this Agent, in support of his disbursements, required to be rendered with promptness and regularity. As a consequence of these practices, a large fund constantly remained unaccounted for in his hands. As evidence of looseness in the collecting department, it is sufficient to state that, when the income account of the fiscal year ending November 30, 1849, was made up, a balance uncollected or unaccounted for, amounting to the sum of \$264,000, appeared upon the books of the Treasurer. Without entering into further particulars in relation to these matters, the stockholders will perceive what opportunities and temptations for delinquency were offered to the disbursing and collecting agent at Springfield; and that he yielded to them, is already too well known.

Notwithstanding all this temptation and exposure, it is believed the delinquency referred to might have been to some extent arrested, and possibly prevented,—had the auditing department exercised its functions with greater diligence and more critical care; but, after all, it must be regarded as a consequence of a fundamental error in the system itself.

The question will have naturally occurred to the Stock-

holders, whether any such change has been made in the system as will prevent the recurrence of a similar delinquency? In answering this question, the Committee discard all reference to individuals now in the service of the Corporation, and simply treat the subject as a system.

The Committee are aware that useful changes have been introduced. A new and distinct officer called Auditor, appointed by the Directors, is now immediately charged with the duty of supervising the collecting department and auditing the accounts. In addition to this, they are happy to say that, under the faithful services of the new Cashier at Springfield, there has been manifested an increased efficiency in the department which passes beneath his supervision.

Nevertheless, the disbursing funds required in the operations of the road are still drawn from the Treasurer in large sums and placed in the custody of the Springfield office,—where they are disbursed by the Superintendent, through the Cashier, in the manner before stated. In this connection, the Committee are happy in being enabled to say, that, under the control of the Superintendent, the vouchers to support his disbursements have been rendered with commendable promptness and regularity. The Committee, however, cannot close their eyes to the great fact, that the system still involves a *secondary agency in the custody and control of the funds of the Corporation*, which they regard as alike inconsistent with approved theory and safe practice.

It must be conceded that the Treasurer of any Corporation, whose duties relate solely to the custody and disbursement of its funds,—should have his office at its central place of business. Thus located, he can best perform his own appropriate duties, and exercise a suitable and direct control over his entire department. The proper duties of the Superintendent of this road, so extended in its business, are, in the opinion of the Committee, sufficiently onerous without imposing upon him any part of those of the Treasurer's department; and it might well be feared that in the multiplicity of such diverse cares, either one or the other would be neglected. From these remarks it cannot fail to be perceived, that the

Committee entertain an opinion that the interests of the Corporation would be promoted by a removal of the Treasurer's office to Springfield, and by devolving upon it the appropriate and usual duties. For the same general reasons, which influence the mind of the Committee in relation to the location of the Treasurer's office, they are of opinion, that that of the President of the Corporation, should also be at its central point of business. It is believed, that so situated, he would be better enabled to exercise his functions of chief executive officer by personal examinations and oversight of the business of the road in all its departments. Thus much the Committee have thought it within the sphere of their duty to state. What consideration should be given to their suggestions, and what action should be had under them, it belongs to the Board of Directors to decide.

Under the head of *Ticket System*, the Committee have spoken of a neglect heretofore at the Springfield office, in not carrying out thoroughly in practice one of its most important requisitions for securing the fidelity of the ticket-sellers. The Committee are satisfied that this neglect does no longer exist, and that the merits of the system are now in full and successful operation.

Recurring to their remarks under the *Freight Department*, relating to the long unsettled accounts with connecting roads, the Committee cannot refrain from expressing an opinion, that in the future operations of the road it is important that this class of accounts should be settled with all possible promptitude.

With the exception of the defects above alluded to,—which have already been, or may easily be, remedied,—the Committee have full confidence in the opinion that the **SYSTEM OF ACCOUNTABILITY** is entirely adequate to secure the Stockholders from all undue loss in the collection and disbursement of the funds of the Corporation.

In relation to the important and comprehensive branch of inquiry embraced under the head of *Valuation of Property*, the Committee have but little occasion to recur to their already extended consideration of it. Their views in rela-

tion to the vast amount of property treated of in this report, have been sufficiently and fully set forth under the heads respectively designated. They have endeavored to adopt such a standard of valuation as would exhibit to the Stockholders a true and practical result, aiming rather to fall below than to exceed the real value of the property. And in the application of their principles of valuation, they have spent several weeks in a personal examination of the entire road and its appurtenances. The results have been to their own minds most satisfactory. They have found the road as a whole, to have been exceedingly well maintained, and in many respects to have received most valuable improvements. In their opinion, deliberately formed after careful investigation, it is receiving the degree of care and attention which its great importance demands; and in this they are happy to believe that the deliberations of the Directors and the action of the Executive department, are alike and faithfully employed.

The estimate of depreciation has already been stated under the several heads of inquiry. For the convenience of the Stockholders, it may be recapitulated in the following manner:—

Estimate of depreciation of road and equipment, Dec. 1, 1851.

Wooden Bridges, - - - - -	\$11,267.00
Rails, - - - - -	165,400.00
Stations and Fixtures, - - - - -	18,100.00
Fences, - - - - -	12,160.00
Merchandise Cars, - - - - -	48,704.34
	<hr/>
	\$235,631.34
Less increased value of Locomotives, - - -	39,100.00
	<hr/>
	\$216,531.34
Total cost of Road and Equipment, Dec. 1, 1851,	
as per Report, - - - - -	\$9,953,758.84
Less Depreciation as above, - - - - -	216,531.34
	<hr/>
Present value of Road and Equipment, - - -	\$9,737,227.50

To the foregoing, the Committee add the following statement of the liabilities and assets of the Corporation:—

Statement of the Assets and Liabilities of the Western Railroad Corporation, as of Nov. 30, 1851, exclusive of so much of the Sinking Funds as has been derived from earnings of the road, and from the accumulation of the funds themselves.

ASSETS.

Materials on hand, - - - - -	121,979.36
Road and Equipment, - - - - -	9,737,227.50
New Station House, Springfield, - - - - -	19,775.11
Cash and Cash Assets, - - - - -	42,549.58
Contribution to Sinking Funds from proceeds of Stock and Bonds, as required or permitted by law previous to January 1, 1849, - - - - -	459,578.62
Total Assets, - - - - -	\$10,381,110.17

LIABILITIES.

Stock, - - - - -	\$5,150,000.00
Bonds, - - - - -	5,319,520.00
Total Liabilities, - - - - -	10,469,520.00
Total Assets, - - - - -	10,381,110.17
Excess of Liabilities, - - - - -	\$88,409.83

In bringing this Report to a close, the Committee ask the special attention of the Stockholders to the communication of the President, which will be found in the appendix, marked A,—and to the tables thereto annexed. This communication was addressed to the Committee, in answer to some inquiries propounded by them to that officer. In the tables alluded to, prepared with great labor, and, it is believed, reaching results with comprehensiveness and accuracy,—as also in the explanations accompanying them,—the Stockholders will doubtless find information which is equally interesting and useful.

The Committee will conclude with a single remark. So long as competent talent, skill, judgment, and fidelity prevail in the administration of its affairs, it is well, in the opinion of the Committee, that the President and Directors of a Corporation should be entrusted by its Stockholders with

much discretionary power. As, in case of any neglect or mismanagement, they should be held to a strict accountability,—so, while they continue faithful to their trust, their opinions and acts must be regarded as entitled to special consideration and confidence. They alone can be so familiar with the operations and wants of the Corporation, as to be enabled to judge safely of the policy and practice which should be adopted. And if in the course of this report, the Committee have suggested any defects to be remedied, or any improvements to be made, it has been done under the belief, that, if upon examination, those suggestions shall be deemed sound and practicable, they will be met with such action on the part of the President and Directors, as the interests of the Stockholders shall seem to require.

All of which is respectfully submitted by the Committee.

ALEXANDER H. BULLOCK,
WILLIAM JACKSON,
JOHN GARDNER,
DAVID WILDER, Jr.,
WM. RAYMOND LEE.

BOSTON, FEB. 11, 1852.

WESTERN RAILROAD CORPORATION.

ANNUAL MEETING.

FEBRUARY 11th, 1852.

Ordered, That the Report of the Investigating Committee be referred to the Directors of the Corporation, for their consideration and action upon the suggestions therein: and that they cause the Report to be printed under the superintendence of the Committee, and distributed among the Stockholders.

ELLIS GRAY LORING, *Clerk.*

APPENDIX.

A.

COMMUNICATION OF THE PRESIDENT OF THE WESTERN RAILROAD CORPORATION TO THE IN- VESTIGATING COMMITTEE, JANUARY 24, 1851.

WESTERN RAILROAD OFFICE.

Boston, January 24, 1852.

A. H. BULLOCK, ESQ.,
Chairman, &c.

SIR:—Referring to your communication of the 13th inst., and to the conversations since had with you upon the subject of the Western Railroad, I have thought it might be well to extend some of the remarks heretofore made to you, and to make some further statements in writing, by means of which the Committee, if it should desire to do so, might compare the expenses of repairs, work done, &c., on the Western Road, with those of other Roads in Massachusetts. To enable me to do this satisfactorily, I have resorted to the official returns, made annually to the Legislature—say from 1846* to 1850, inclusive—and have extracted from them such data as have appeared to me to be necessary to exhibit the details which I wish to bring to the notice of the Committee.

In matters pertaining specially to the Western Road, not detailed in the returns made to the Legislature, I shall endeavor to confine my statements to such facts as I have gathered from reliable sources, omitting all for which I have not warrant.

For convenience of reference, and to enable me to present comparative results, I shall tabulate the information derived from the Legislative documents.

* The first year in which the returns were made in their present form.

The Expenditures are classed in the official reports under three general heads.

1. Expenses relating to the road itself, including all repairs of track, road bed, bridges, renewals of iron, wages of switchmen, gate keepers, &c.; all that is included in the returns under the head of "Maintenance of Way."

2. Expenses of repairs of Engines and Cars, and for new Engines and Cars to cover depreciation.

3. Miscellaneous Expenses, embracing fuel, oil, salaries, gratuities, damages, &c.; in short, all expenses not included under the 1st and 2nd heads.

It is principally the expenses under the 1st and 2d heads which we wish to discuss, viz., Maintenance of Way and Repairs of Engines and Cars. These items should be combined and considered together, for they are part and parcel of each other,—nothing being more true in the working of a railroad than that if the repairs of a road are neglected, the consequences are immediately shown in the enhanced cost of repairs of Engines and Cars; together they make up the road and equipments. To enable you to judge whether this has been thoroughly done in the case of the Western, and whether,—in comparison with other roads,—as much has been done by it as should have been done, I submit the tables before referred to.

The first table, marked A., contains the cost of *Maintenance of Way and Repairs of Engines and Cars*, per mile run, in five years, (1846 to 1850 inclusive) on the Western, Boston and Worcester, Boston and Maine, Boston and Lowell, Fitchburg, Eastern, Boston and Providence, and Old Colony Railroads.

It will be seen by this table that, during the five years specified, the aggregate of miles run by all the trains, on all the roads named, amounted to 13,755,550 miles; and that the aggregate sum expended by all for maintenance of way, was \$2,004,563; and for repairs of Engines and Cars, \$1,879,330; and that the total expenditure, for both these objects, was \$3,883,893.

The table will further show the average amount expended by each road, per mile run, during the five years.

The general result furnished by this table is this:—

The average sum paid for maintenance of way by any one road, per mile run, by trains, during the five years, was 22.41 cents. The least average of the same was 8.17 cents; and the mean of the whole was 14.57 cents.

The largest average sum paid for repairs of Engines and Cars, for same time, per mile run, was 24.65. The least average of the same was 9.39; and the mean of the whole was 13.66 cents.

The largest sum paid by any one road, in any one year, for maintenance of way and repairs of Engines and Cars combined, was 49.8 cents; and the least sum paid by any one road for both, 11.4 cents; and the mean of the whole was 28.23 cents per mile run for both.

In the case of the Western, its maximum (1847) for both was 39.4 cents, its minimum (1850) was 30 cents, and its average for the five years 33.22 cents.

Some of these lines have two tracks, and some but one. The effect of the double tracks would, of course, be to distribute the work done over a larger extent of rails; the single track being relieved, its expenses of repairs should, in such case, of course be less; in other words, it should not cost twice as much to maintain a road with two tracks, as it would to maintain it with one.

Computing the cost of Maintenance of way and repairs of Engines and Cars by the actual length of each road, without regard to the number of tracks, it will be ascertained that one line has cost upon an average of the five years \$4,352 per mile per annum; that another has cost \$3,009 per mile per annum; and that all others range between \$1,586 per mile per annum, and \$1,108 per mile per annum.

In the Western, the average of the five years was \$1,586 per mile per annum.

The next table, B, contains a statement of all the work done on all the roads before named in five years, (1846 to 1850 inclusive.) It exhibits also the entire cost of doing this work; that is to say, all three classes of expenses are included, being the amount expended of every kind, except interest on capital.

In order that a *comparative* statement of the work done on the several roads may be presented, it will be necessary to assume that it costs as much to transport a passenger one mile, as it costs to transport a ton of freight one mile; and while we know that this is not true in all cases, we do know that it is true in some cases. For the purposes of this comparison, however, it is immaterial whether we assume the cost of the passenger to the freight to be as 1 to 1, or as 1 to 2. *Together*, they constitute all the work that has been done upon all the roads; and it is resolved into one passenger carried one mile, or one ton carried one mile. Another table will show the proportion of each carried.

The general result furnished by table B is as follows:—

759,390,026 passengers or tons of freight were transported one mile on all the roads named, during the five years specified, at a gross cost of \$10,977,839; and to do this work, the trains ran 13,755,550 miles.

The table will show that the maximum cost was 1.994 cents per passenger or per ton, carried one mile; the minimum do., 1.302 cents do. do.; and that the mean or average of the whole was 1.445 cents per mile.

In the Western, its figures stand: 213,925,952 passengers or tons, carried one mile, at a gross cost of \$2,937,593; and the average or mean cost, 1.373 cents per mile.

The next table, C, will show the useful effect produced—being the amount of available or *paying* work done for each mile run by trains

in the five years, (1846 to 1850 inclusive) expressed in passengers, or in tons, carried one mile.

The general result is this:—

13,755,550 miles were run by trains, and 759,390,026 passengers or tons of freight were moved one mile, and the average number of passengers or tons of freight carried for each mile run by trains was 54.12. The maximum number was 68.4; the minimum, 40.0; mean, 54.12.

In the case of the Western, 3,696,713 miles were run by trains; aggregate of passengers and tons carried, 213,925,952; average number carried for each mile run, 57.9.

It will be observed that no allowance has been made to compensate for the 2,000 feet and upwards of elevation which the Western Road has to overcome between Albany and Worcester, nor for the heavy grades by which the principal summit is passed. It is plain to be seen, however, that with grades not exceeding those of the roads with which the comparisons are made, a large increase in the number of tons transported for each mile run would be exhibited in the table.

Table D exhibits the number of passengers carried one mile, and the number of tons of freight do. do.; it shows, also, the amount received from passengers, and the amount received from freight, separately stated; the gross expenses, and the percentage of expenses to the gross receipts; all for the five years before specified, and for the same roads.

RESULTS OF THE TABLE.

490,838,686 passengers carried one mile.									
268,551,340 tons of freight “ “ “									
759,390,026 of both “ “ “									
Maximum of both for one road,	-	-	-	-	Dollars,	213,925,952			
Minimum “ “ “ “ “	-	-	-	-	-	36,198,135			
Receipts from Passengers,	-	-	-	-	-	11,015,052			
“ “ Freight, &c.,	-	-	-	-	-	10,729,466			
Gross Receipts, - - - - -	-	-	-	-	-	21,744,518			
“ Expenses, - - - - -	-	-	-	-	-	10,977,839			
Maximum cost, per cent., of Receipts,	-	-	-	-	-	65.9			
Minimum “ “ “ “ “	-	-	-	-	-	42.3			
Mean of the whole, - - - - -	-	-	-	-	-	50.4			

For the Western, the results furnished by the table are:—

94,960,518 passengers, one mile.									
118,965,434 tons of freight, “									
213,925,952 aggregate.									
Receipts from Passengers,	-	-	-	-	Dollars,	2,595,538			
“ “ Freight, &c.,	-	-	-	-	-	3,653,601			
Aggregate, do., - - - - -	-	-	-	-	-	6,249,139			
Gross Expenses, - - - - -	-	-	-	-	-	2,937,593			
Expenses, per cent., of Receipts,	-	-	-	-	-	47.0			

It will be seen that there is but one road in the table on which the number of tons carried exceeds the number of passengers carried, and this is the Western, which has an excess of tons of freight over passengers of upwards of 24,000,000.

In one of the roads, with an aggregate of passengers and tons of 74,720,000, the excess of passengers carried beyond tons of freight is upwards of 60,000,000 in number; it will be evident, therefore, that the Western Railroad derives no benefit from a comparison of the *indiscriminate* cost of transporting a passenger and a ton of freight one mile; on the contrary, had the excess in the case of the Western been on the side of passengers, the result in point of numbers and cost would have been more favorable even than it now is,—passengers moving themselves without cost, while freight requires an average expenditure of 27 or 28 cents per ton for loading and unloading.

Having thus gone through the principal business and expenses of the road, and compared it with those of other roads, by means of returns furnished by official or Legislative documents, I will now take up some other matters relating to the Western Road, furnished by our own records and returns, the details of which do not appear in the Legislative Reports.

The Committee, as I understand, have gone into a thorough examination of the present condition of the property of the Corporation; the Road, its equipment of Engines and Cars; Bridges, Station-Houses, &c. &c. I will therefore restrict my remarks to the renewals of cross-ties or Sleepers, iron Rails, Freight Cars, and Connecticut River Bridge.

1st Sleepers. The number of sleepers removed from the track and replaced by new in the Western Railroad, between 1 December, 1845, and 1 December, 1851—6 years— was as follows:—

Year ending November 30, 1846,	-	-	-	-	35,000
“ “ “ “ 1847,	-	-	-	-	85,000
“ “ “ “ 1848,	-	-	-	-	65,000
“ “ “ “ 1849,	-	-	-	-	28,245
“ “ “ “ 1850,	-	-	-	-	50,198
“ “ “ “ 1851,	-	-	-	-	38,914

Total sleepers in 6 years,					302,357
Average number supplied per annum,	-	-	-	-	50,390

The life of a sleeper depends upon the kind of timber used, the nature of the soil in which it is laid, the kind of usage which it receives, and to some extent, whether it be laid in a crooked part of the road or upon a steep grade, these last affecting the fastenings, spikes &c.

In loam, experience in the Western road has shown that a sleeper will last but about five and a half years, in sand six and a half years, dry gravel seven years, moist gravel seven and a half years, average duration of all kinds, say six and a half years.

The second track between Worcester and Springfield, was not laid until 1847-48, the sleepers in that track, therefore, have not required to be renewed as yet. The renewals have been confined, in general, to the main or old track. The number of sleepers in that track is about 275,000, requiring for renewals, at the rate of six and a half years life, about 42,200 sleepers per annum.

The table shows that 50,390 have been laid per annum since 1845, or a surplus of 8153 per annum have been put into the road and these are fully sufficient for all side tracks, switches, &c.

Second, Iron rails. The quantity of rails which have been laid down in place of the 56 lbs. iron (original rail) in the old main track, is as follows:—

				Miles.	Feet.
Year ending November 30, 1848,	-	-	-	4	1327
“ “ “ 1849,	-	-	-	8	3071
“ “ “ 1850,	-	-	-	16	1155
“ “ “ 1851,	-	-	-	12	2625
				<hr/> 41	<hr/> 2788

The life of a rail depends, generally, upon its weight and section, the quality of iron of which it is made, the kind of support, the distance between the bearings; the quantity of work done upon it, and the manner in which it is done, whether with heavy engines and trains, or the reverse, whether on a crooked or steep part of the road, whether laid upon good material for the road-bed &c. All these elements combined with some of less importance, determine the question of the life of the rail. Of two rails of the same section, from the same mill, placed upon the road at the same time and subjected to the same amount of work, one may be perfectly serviceable at the end of ten years, or more, while the other may require to be taken up and replaced before it has been down a single year, the defect being in the manufacture and disclosed by use, only.

The practice in the Western road is to remove the rails from the main tracks as fast as important defects appear. It is well known to railroad people that the first iron used in this country for rails, was the best we have had from the other side, but the iron then purchased cost £12 to £15 per ton, whereas that which now comes, costs about £5. It is not to be supposed that we get as good iron at the £5, as we formerly paid three times five for, and the inference is borne out by the facts in the case of the Western Railroad. The number of old 56 lb. rails which it is necessary to remove from the track after twelve years service is much less in proportion to those of the 70 lb. rail than would be supposed.*

The excess in weight of the new laid iron over the old, is almost 14 lbs. per yard, in the aggregate 900 tons, and in value at \$45 the ton, (costs and transportation) \$40,500.

In addition to the quantity of iron specified in the table, it will be

* The Reading Railroad, said to have a greater tonnage per mile per annum, than any road in existence, has still in use a large number of the original rails, those laid down when the road was built, in the year 1839, I think.

seen by the Report of the Directors for the year 1847,* that new rails to the amount of \$33,000 were used and charged to the current expenses of that year.

In reference to the condition of the road-bed, it may be proper to say that a gravel train has been run a large part of every season during the last seven years, employed in widening and raising banks, clearing ditches and to some extent in removing bad bottom from the road-bed, &c, all forming a part of the charge to maintenance of way.

The freight cars, equivalent in number to 1626 four wheel cars, are run not only between Boston and Albany in connexion with cars of the Boston and Worcester road, but they are run more or less upon nearly every other with which the Western is connected, some fourteen or fifteen in number—South, towards New York, over four different lines, to the North over four lines; to New London, to Providence, to Norwich, and in a late case to Buffalo and I believe to Portland, also. In fact it would be difficult to say where they have not been sent, wherever the business required it.

The policy which was pursued in 1847 of providing a large equipment of freight cars was, in my opinion wise, it brought business to the road which could not have been carried on without such equipment: that these cars should have depreciated is not surprising, they have done much service, the question would rather be have they answered the purpose for which they were procured? In my opinion they have, most fully. In the year 1847, or the famine year, so called, many more could have been used to great advantage, had the road owned them. Are these cars kept in a condition to meet the wants of the road at this time? I answer yes, and further that the number of hands kept employed in the repair shop for cars, depends entirely upon the business which the road is called upon to perform, the greater the business, of course the greater the number of cars required to do it, and with an increase of business follows the necessity for a greater amount of repairs to be met by increasing the hands in the repair shop. It would certainly not be judicious to rebuild more cars, per annum, than could be usefully employed.

As to the extent of the deterioration in the freight cars, it is a matter of opinion, but whether it be more or less, the remedy is at all times within our reach. Keeping in mind always, that with an accession of additional work, there comes additional receipts to pay for it, provided always we do not undertake to do work for less than cost, a practice which no Stockholder would desire to see introduced, I conclude.

The engines and the passenger cars, it is probable the Committee found in fair condition. A single item will suffice to show, in the case of the passenger cars, how and why an old car may not always be inferior in value to a new one. During the season of 1851, one hundred new axles and two hundred new wheels have been put under twenty-five good passenger cars to supply the place of others removed. The same may be said of other things.

The most important structure on the Western Railroad is the Con-

* 13th Annual Report page 4.

necticut River bridge. It has been supposed by some that the renewal of this work, at no very distant day, would require a large expenditure of money and that such renewal, whenever it should be necessary, would affect, seriously, the ability of the road to make its usual dividend. Without undertaking to say what that dividend may be, one, two or three years hence, I will undertake to say that for 4 per cent. or $\frac{1}{25}$ part of the average annual *net* earnings of the road for the last three years, that the bridge can be rebuilt and covered, and when rebuilt and protected from the weather, that its life may be considered good for at least twenty years. The principal items of cost in the Connecticut River bridge are those which were incurred in establishing the foundations of the piers and abutments, and in the cost of the masonry itself. All these are as good now as when first completed and will so continue for years to come, the masonry being of the very best description. The superstructure or timber work, is all that will require to be renewed, and for a sum of \$2000 per annum, or less, that part of the bridge can be maintained perpetually in the best condition.

I have consolidated the results of the several tables, A. B. C. D. and have so classified the more important items that the work done, cost of same, and the useful effect produced in the eight roads specified, can be seen together and compared, and it gives me pleasure to add that in the comparison, I think the Western appears quite as well as its neighbors.

Very respectfully,

Your ob't serv't,

W. H. SWIFT, *President.*

TABLES ACCOMPANYING THE COMMUNICATION OF
THE PRESIDENT OF THE WESTERN RAILROAD
TO THE COMMITTEE OF INVESTIGATION,
JANUARY 24, 1852.

A.

*Cost of MAINTENANCE OF WAY and of Repairs of ENGINES and
CARS, on each of the following Roads, per mile run by trains, from
1846 to 1850, inclusive, FIVE YEARS.*

Road.	Miles run by Trains.	Maintenance of Way.		Repairs of Engines and Cars.		Total per Mile.
		Dollars.	Cents.	Dollars.	Cents.	
Western,	3,696,713	690,049	18.66	547,651	14.56	33.22
Boston and Worcester, .	2,063,632	321,521	15.72	355,621	17.23	32.95
Boston and Maine, . .	1,812,422	206,136	11.37	191,209	10.55	21.92
Fitchburg,	1,557,937	127,307	8.17	148,356	9.39	17.56
Boston and Lowell, . .	1,202,088	269,440	22.41	296,380	24.65	47.06
Eastern,	1,356,136	142,048	10.45	97,659	7.20	17.65
Boston and Providence, .	1,165,079	152,328	13.07	133,136	11.42	24.49
Old Colony,	901,543	95,734	10.57	109,318	12.12	22.69
	13,755,550	2,004,563	14.57	1,879,330	13.66	28.23

B.

Table exhibiting the QUANTITY OF WORK DONE in five years, (1846 to 1850, inclusive,) on each of the following roads, expressed in passengers carried one mile and in tons of freight carried one mile; also, the GROSS EXPENSES of each road for the same period. For the purposes of this comparison, the cost of transporting a passenger one mile, and a ton of freight one mile, is assumed to be the same.

Roads.	Number of Passengers and number of tons carried one mile, aggregate.	Gross Expenses.	Cost per Passenger, or per Ton, per mile carried.
Western,	213,925,952	2,937,593	1.373 cents.
Boston and Worcester,	126,499,456	1,899,845	1.502 "
Boston and Maine,	92,997,700	1,237,515	1.330 "
Fitchburg,	82,702,400	1,077,169	1.302 "
Boston and Lowell,	82,227,452	1,258,519	1.535 "
Eastern,	74,720,643	985,066	1.318 "
Boston and Providence,	50,118,288	860,220	1.716 "
Old Colony,	36,198,135	721,912	1.994 "
	759,390,026	10,977,839	1.445 cents.

C.

Table exhibiting the useful effect, or work done for EACH MILE RUN by trains, on the following roads from 1846 to 1850, inclusive, expressed in passengers and tons of freight carried one mile.

Roads.	Aggregate of miles run by the Trains.	Aggregate Passengers and tons Freight.	Average number carried for each mile.
Western,	3,696,713	213,925,952	57.9
Boston and Worcester,	2,063,632	126,499,456	61.3
Boston and Maine,	1,812,422	92,997,700	51.3
Fitchburg,	1,557,937	82,702,400	53.8
Boston and Lowell,	1,202,088	82,227,452	68.4
Eastern,	1,356,136	74,720,643	55.1
Boston and Providence,	1,165,079	50,118,288	43.0
Old Colony,	901,543	36,198,135	40.0
	13,755,550	759,390,026	54.12

D.

Table exhibiting the number of Passengers carried one mile, and the number of tons of Freight carried one mile; also, the amount received for transportation of Passengers, and amount received for Freight, &c., on each of the following Roads, during the years 1846 to 1850, inclusive.

Road.	Trains, Miles run.	Number carried one mile.			Gross Receipts.			Gross Expenses.	Expenses Per cent.
		Passengers.	Tons Freight	Total 1 Mile.	Passengers.	Freight, &c.	Total Receipts.		
Western,	3,696,713	94,960,518	118,965,434	213,925,952	\$ 2,595,538	\$ 3,653,601	\$ 6,249,139	\$ 2,937,593	47.0
Boston and Worcester,	2,063,032	79,482,610	47,016,846	126,499,456	1,645,111	1,809,356	3,454,467	1,899,845	54.9
Boston and Maine,	1,812,422	75,812,377	17,185,323	92,997,700	1,596,428	893,130	2,489,558	1,237,515	49.7
Fitchburg,	1,557,937	52,739,430	29,962,970	82,702,400	980,951	1,227,362	2,208,313	1,077,169	48.7
Boston and Lowell,	1,202,088	48,641,939	33,585,513	82,227,452	953,224	1,163,675	2,116,899	1,258,519	59.4
Eastern,	1,356,136	67,690,908	7,029,735	74,720,643	1,339,556	987,553	2,327,109	985,066	42.3
Boston and Providence,	1,165,079	40,197,354	9,920,934	50,118,288	1,145,810	657,820	1,803,630	860,220	47.7
Old Colony,	901,543	31,313,550	4,884,585	36,198,135	758,434	336,969	1,095,403	721,912	65.9
Totals,	13,755,550	490,838,686	268,551,340	759,390,026	11,015,052	10,729,466	21,744,518	10,977,839	50.4

Consolidation of the General Results furnished by the Tables A, B, C, D.

CLASSIFICATION.										EXPLANATIONS.				
						Western.	Boston and Worcester.	Boston and Maine.	Fitchburg.	Eastern.	Boston and Lowell.	Boston and Providence.	Old Colony.	Aggregates and Averages.
1	Number miles run by Trains, .	.	.	.	.	1	2	3	4	5	9	7	8	13,755,550
2	" Passengers carried one mile, .	.	.	.	.	1	2	3	5	4	6	7	8	490,838,636
3	" Tons Freight " " " .	.	.	.	.	1	2	5	4	7	3	6	8	268,551,340
4	Aggregate of Passengers and Tons carried, .	.	.	.	.	1	2	3	4	6	5	7	8	759,390,026
5	Receipts from Passengers carried, .	.	.	.	.	1	2	3	6	4	7	5	8	11,015,052
6	Receipts from Freight, &c. " .	.	.	.	.	1	2	3	3	5	4	7	8	10,729,466
7	Aggregate Receipts from all sources, .	.	.	.	.	1	2	6	5	4	6	7	8	21,744,518
8	Gross Expenses, all kinds, .	.	.	.	.	1	2	4	5	6	3	7	8	10,977,839
9	Cost of Maintenance of Way, per mile run, .	.	.	.	.	Cents.	Cents.	Cents.	Cents.					14.57 mean
10	" Repairs of Engines and Cars, per mile run, .	.	.	.	.	18.66	15.72	11.37	8.17	10.45	22.41	13.07	10.57	14.57 mean
11	" " both, per mile run, .	.	.	.	.	14.56	17.23	10.55	9.39	7.20	24.65	11.42	12.12	13.66 "
12	" " carrying one Passenger, or one ton of Freight, one mile, .	.	.	.	.	33.22	32.95	21.92	17.56	17.65	47.06	24.49	22.69	28.23 "
13	Useful effect, or No. of Passengers or Tons carried, per mile run, .	.	.	.	.	1.37	1.50	1.33	1.30	1.32	1.53	1.71	1.99	1.445 "
14	Cost of all the work done, per cent. of the gross receipts, .	.	.	.	.	57.9	61.3	51.3	53.8	55.1	68.4	43.0	40.0	54.12 "
						47.0	54.9	49.7	48.7	42.3	59.4	47.7	65.9	50.5 "

APPENDIX B.

Present and Prospective Value of the Sinking Funds belonging to the Western Railroad Corporation, Jan. 1, 1852.

These funds, although annually reported by the Commissioners having them in charge, and also by the Directors of the Corporation, seem not to have been regarded by the public at large with that attention which their magnitude demands, and the Committee therefore, feel justified in stating their present condition and future prospects somewhat at length.

MASSACHUSETTS FUND.

This fund was created in compliance with the Act of 1838, chap. 9, to redeem the scrip loaned to the Corporation by the Commonwealth, amounting to £899,900, or \$4,319,520.

The Act provided that the premium on sales of scrip together with one per cent. per annum on the amount of the loan after the Road was opened for use, should be paid to the Treasurer of the Commonwealth, to be held in trust by him for the Corporation. At the close of the year 1844, when the first payment of one per cent. was made, the amount which had been received from sales of scrip and interest accumulated was \$197,053.65

In 1846 the Legislature provided that new stock might be issued, and payments made therefrom to the Sinking Funds, which appears to have been done to the amount of \$213,111.10

This Act was repealed in 1848, and since that date the payments have been made from the earnings of the Road, as at first intended.

The Massachusetts Fund on the first day of Jan. 1852, the date of the last Report of the Commissioners, amounted to \$698,039.41—viz.—

Notes secured by Mortgage, Collateral, &c.,	-	-	\$314,672.89
Note of City of Charlestown,	-	-	12,000.00
“ of School Districts in Springfield,	-	-	2,400.00
Boston and Worcester Railroad Bonds,	-	-	221,000.00
			<hr style="width: 20%; margin-left: auto; margin-right: 0;"/> \$550,072.89

(Interest at 6 per cent., \$33,004)

<i>Amount brought forward,</i>	-	-	\$33,004	\$550,072.89
Railroad Stocks (Annual Dividends),	-	-	5,610	88,178.92
Mass. Sterling 5 per cent. Bonds (Interest),	-	-	1,488	28,957.49
Cash on hand (Interest),	-	-	1,040	17,335.02
Due from H. W. Nelson,	-	-	-	92.37
<hr/>				
Annual Interest,	-	-	\$44,142	684,636.69
Interest and Dividends accrued to Jan. 1, 1852,	-	-	-	13,402.72
<hr/>				
Total as per Commissioner's Report,	-	-	-	\$698,039.41

ALBANY SINKING FUND

To redeem \$1,000,000 Albany City 6 per cent. Bonds loaned to the Albany and West Stockbridge Corporation: the payment thereof being subsequently assumed by the Western Railroad Corporation, as per agreement made, Nov. 11, 1841.—[See also Act of Legislature of New York, 1841, chap. 290.

The sum of \$100,000 was reserved from the sale of the above named bonds and placed at once to the credit of the fund, which now amounts to \$320,467.34, not including \$2080.61 paid for premium on bonds purchased for investment.

Amount reported by the Commissioner at Albany to the Committee, Oct. 1, 1851, viz.—

Bonds and Mortgages, 7 per cent.	-	-	-	\$180,617.00
Albany City Bonds at par 6 per cent., (premium \$2,080.61, not included,)	-	-	-	115,000.00
Cash on hand,	-	-	-	2,213.42
<hr/>				
				297,830.02
Interest over due Oct. 1, 1851,	-	-	\$2,977.80	
“ accrued to Dec. 1, 1851,	-	-	8,030.93	
“ 1 month on \$180,617 at 7 per cent.	-	-	1,053.59	
“ 1 “ “ \$115,000 “ 6 “ “	-	-	575.00	
<hr/>				
				12,637.32
Annual contribution from the Western Railroad,	-	-	-	10,000.00
<hr/>				
				320,467.34
Massachusetts Fund brought forward,	-	-	-	698,039.41
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				\$1,018,506.75

If the funds be taken at their present amount, say \$1,018,500, and interest cast thereon at 6 per cent. per annum, adding \$50,000 for the contribution from the earnings of the Road each year, they will amount on the first day of January, 1870, to \$4,452,424.

The debt, as before stated, is as follows, viz.—

Massachusetts Bonds, 5 per cent. averaging, due	
July 5, 1869, is - - - - -	\$4,319,250.00
Albany City Bonds, 6 per cent. averaging, due July 1,	
1871, is - - - - -	1,000,000.00
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	\$5,319,520.00

Suppose the whole to average January 1, 1870, and the foregoing calculations to be correct, the deficiency will be \$867,096.00.

It is assumed, of course, that the funds are to be as well managed hereafter as they have been thus far, and that the difference between the payment of semi-annual instead of annual interest will compensate for an occasional reduction in the rate which will be likely to occur.

It is found that this difference for the last ten years of the existence of the fund will amount to between \$30,000 and \$40,000.

It is quite apparent that if the accumulation goes on until 1870, there will be an enormous sum to be appropriated, either to pay the debt as now contemplated or for distribution among the then Stockholders, provided there should be new stock issued and sold to represent the cost of the road at that date.

The effect in either case would be alike, and it is worthy of consideration that this result is to be attained not by taxing the present Stockholders as such, but by the appropriation of the difference between the income of that half of the Road represented by the debt, and the interest on that debt, thus in effect paying the bond holders with the surplus of their own funds.

COST OF THE WESTERN RAILROAD.

The cost of the Road as stated in the last Report of		
the Directors appears to be, - - - - -		\$9,973,733.95
The amount of debt before stated, -	\$5,319,520	
51,500 shares Stock, - - - - -	5,150,000	10,469,520.00
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Difference, - - - - -		\$495,786.05

The difference between the cost of the Road and the apparent amount provided for its construction is due to the loss on the sales of scrip, the payment of the proceeds of shares into the Sinking Funds, and also the deposit of \$100,000, from the sale of Albany Bonds, before mentioned.

Strictly considered then, the debt and the Sinking Fund should be equally reduced until the amount of the stock and debt should fairly represent the cost of the Road. This, however, cannot be done under existing laws, nor does it appear particularly desirable so long as the business of the Road can be made to pay an annual net income to

meet interest and dividends equal to the last year, which appears to have been about 7 1-4 per cent. on the stock and debt.

It will be seen that the income on the stock alone is over 10 per cent., if we include the interest on the funds and the amount contributed thereto, and that the present value of those funds is within a fraction of \$20 for each share.

It is but just to the Commissioners who have had charge of the funds, to say that the interests of the Corporation have been carefully regarded ; and that while the income is uncommonly large from both, the securities are, with perhaps the exception of one mortgage in the Albany Fund, of the first class.

This mortgage at the time of the examination of the securities by a portion of the Committee, was in process of reduction, and the Commissioner at Albany felt confident that the whole would be collected.

The Committee cannot but feel, therefore, that this portion of the property belonging to the Corporation, is in a most satisfactory condition, and that the time is rapidly approaching when the shares will begin to indicate in their price the legitimate effect of its creation and existence, which is to reduce their cost and increase their value.

